



FOOD BASKET PRICE MONTHLY



NAMC FOOD BASKET: 28 SELECTED FOOD ITEMS PRICES Issue 99 – February 2024



Food Basket Price Monthly

February 2024

Important note

Statistics South Africa (Stats SA) will update the Consumer Price Index (CPI) basket of goods and services and the respective weights in the January 2025 CPI release. This update will mainly be based on the results of the income and expenditure survey which began fieldwork in December 2022.

The January 2024 official data is used in this report, as the official release of the February 2024 CPI data is scheduled for March 20, 2024 (see link below from the Stats SA website):

<https://www.statssa.gov.za/publications/P0141/P0141January2024.pdf>

Highlights

During January 2024, the nominal cost of the NAMC's 28-item urban food basket amounted to R1 251.50 compared to the R1 239.59 reported in December 2023. This represents a monthly increase of 1.0% and a year-on-year increase of 10.7%.

January 24 vs. January 23	Inflation bracket				
	12% or more	Between 6% and 11.99%	Between 3% and 5.99%	Between 2.99% and 1%	Inflation close to zero or deflation
Stats SA food groups:	Sugar, sweets & desserts (18.5%) Milk, eggs & cheese (13.0%) Vegetables (12.6%)	Other food (11.0%) Fruit (10.2%) Unprocessed food (7.9%) Bread & cereals (6.5%) Processed food (6.2%)	Fish (4.4%)	Meat (2.2%)	Oils & fats (-5.3%)
Individual food items in NAMC food basket (listed in order of decreasing inflation rates):	Oranges (43.7%) Potatoes (43.3%) Ceylon/black tea (30.5%) Eggs (25.8%) Rice (25.5%) White sugar (24.5%) Instant coffee (22.7%) Apples (22.0%) Bananas (21.2%) Peanut butter (15.4%) Baked beans (15.0%) Cheddar cheese (12.8%)	Tomatoes (10.4%) Dried beans (9.0%) Chicken giblets (8.6%) Full cream long life milk (7.0%)	Polony (5.3%) Cabbage (5.2%)	Individually Quick Frozen (IQF) (3.8%) Tinned fish (2.4%) Beef offal (2.0%) Brown bread (2.0%) Maize meal (1.1%)	White bread (-0.7%) Brick margarine (-0.9%) Beef mince (-1.6%) Sunflower oil (-4.4%) Onions (-10.6%)

1. Overall inflation and food inflation

The Food and Agriculture Organization (FAO) reported a decrease of 1.0% in the global nominal food price index for January 2024, down by 1.2 points from December 2023. This can be attributed to decreases in different food categories included in calculating the food price index. For instance, the cereal price index recorded a marginal decrease of 2.2%, while the meat price index registered a decrease of 1.4% in January 2024. However, the vegetable price index and sugar price index both registered increases of 0.1% and 0.8%, respectively, while the dairy price index remained unchanged in January 2024.

Figure 1 depicts the fluctuations in global food inflation across several countries, including BRICS member nations (Brazil, Russia, India, China and South Africa), as well as Zambia and Namibia, which maintain significant trade connections with South Africa. When comparing data from December 2023 to January 2024, certain countries experienced changes in their inflation rates. During January 2024, food inflation in Brazil saw an increase from 1.0% in December 2023 to 1.8% in January 2024, while other countries observed decreases in food inflation, such as Zambia, which saw a decrease from 14.2% to 13.7%, India from 9.5% to 8.3%, Russia from 8.2% to 8.1%, South Africa from 8.5% to 7.2%, the United Kingdom from 8.0% to 6.9%, Namibia from 7.4% to 6.5%, and Botswana from 6.1% to 5.9%. Meanwhile, China continues to have a deflation rate from -3.7% in December 2023 to -5.9% in January 2024.

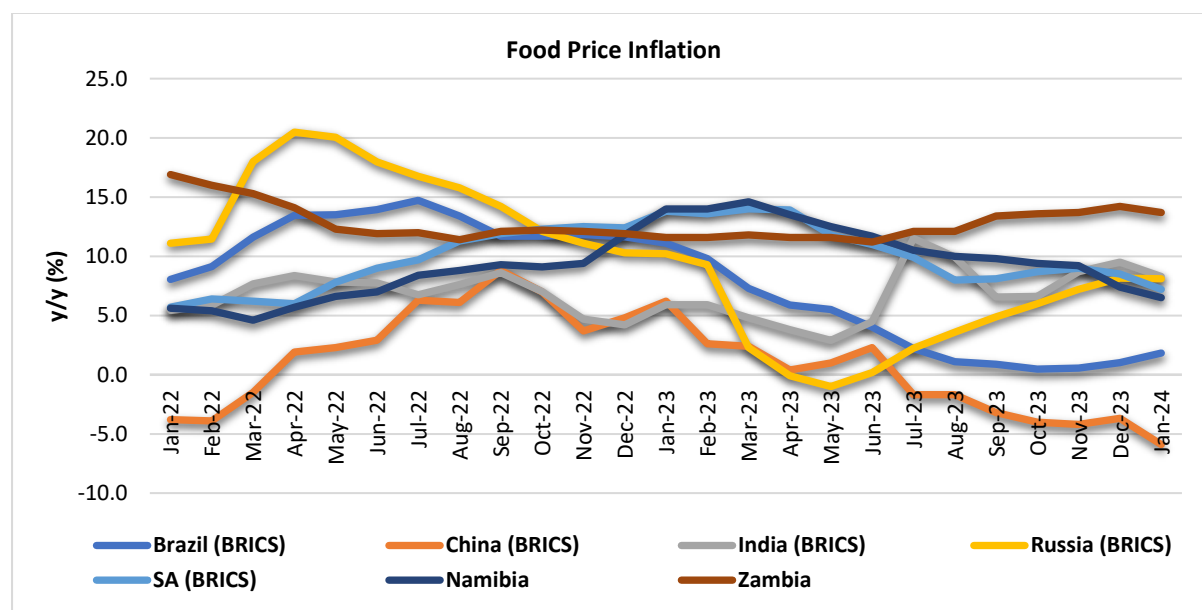


Figure 1: Global food inflation

Source: Trading Economics, 2024; Stats SA, 2024 & NAMC calculations

Figure 2 presents the trend in the Consumer Price Index (CPI) for South Africa from January 2018 to January 2024, along with the inflation rate for food and non-alcoholic beverages (NAB). On 21 February 2024, the official release by Statistics South Africa (Stats SA) confirmed the CPI for January 2024. For January 2024, the annual headline CPI was registered at 5.3%, with a slight increase from 5.1% reported in December 2023. The inflation rate for food and non-alcoholic beverages decreased to 7.2%, marking a decrease from 8.5% reported in December 2023. Notably, the main drivers of the current NAB inflation were sugar, sweet & desserts, which experienced a substantial 18.5% increase in January 2024, followed by milk, eggs & cheese with 13.0%, vegetables with 12.6%, other foods (11.0%), fruit (10.2%), unprocessed (7.9%), bread & cereal (6.5%) and processed food (6.2%). During the same period, oils & fats decreased by 5.3%.

South Africa's food inflation is anticipated to remain stable in the coming months, largely driven by favourable global prices for crops such as wheat and maize. According to FAO (2024), global wheat export prices declined in January due to strong competition among exporters and the arrival of harvested supplies in the southern hemisphere countries. While maize prices have declined sharply indicating improved crop conditions and the start of the harvest in Argentina as well as larger supplies in the United States of America, the South African poultry industry is still facing substantial risks due to the ongoing Avian Influenza outbreak which might stress chicken product prices. As of January 2024, the local price of white maize averaged at R3 884/ton, representing a 9.2% decrease from December 2023. Similarly, yellow maize averaged at R3 674 per ton, reflecting a 9.8% decrease from the previous month. Sunflower prices averaged at R8 534/ton indicating an 8.1% decrease from the preceding month's price. Notably, South Africa's inflation rate has consistently remained within the central bank's target range of 3% to 6% since June 2023. This stability prompted the South African Reserve Bank (SARB) to halt recent interest rate hikes after the latest monetary policy meeting.

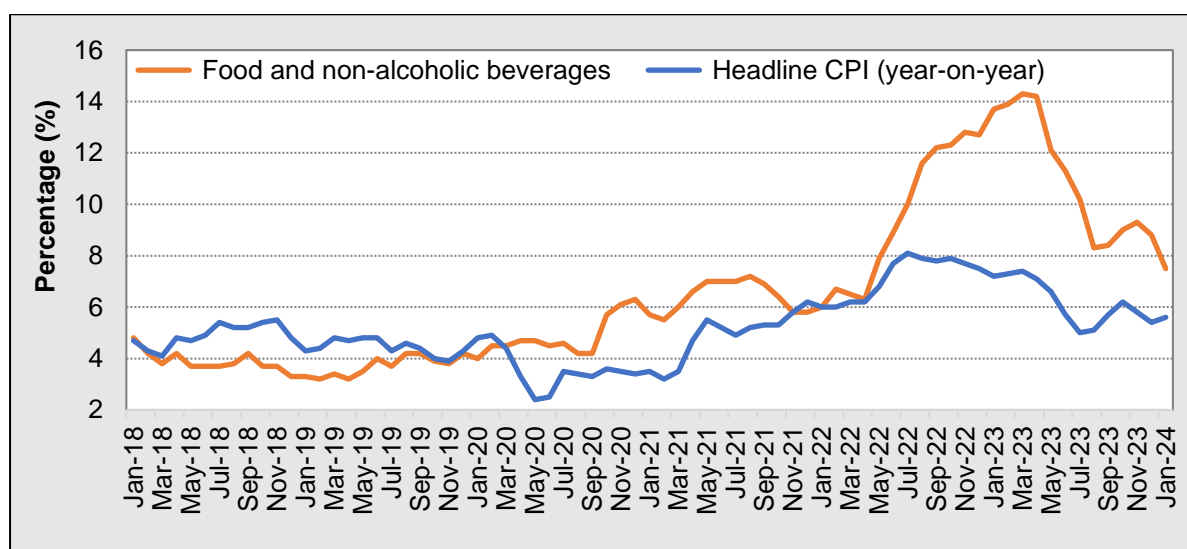


Figure 2: South Africa's headline CPI and Food & non-alcoholic beverages' CPI

Source: Stats SA, 2024; NAMC calculations

2. Monthly comparison of prices between urban and rural areas for January 2024

Table 1 presents a comparative analysis of expenses associated with selected food items in both urban and rural areas during January 2024. Recent data released by Statistics South Africa reveals variations in prices for certain products when purchased in urban versus rural regions. Urban consumers allocated more of their budget towards Ceylon/black tea, which exhibited the most substantial price difference of R5.46, followed by white sugar (R2.24), peanut butter (R1.41), a loaf of brown bread (R1.07), a loaf of white bread (R0.78), maize meal (R0.71), bananas (R0.60), rice (R0.49) and sunflower oil (0.09) in comparison to their rural counterparts. On average, urban consumers paid R0.84 cents more for these 11 food items. This information highlights noteworthy variations in food item costs across different geographical areas.

Table 1: Comparison between urban and rural food prices (selected food items)

Product	Urban Food Prices January 2024 (R/unit)	Rural Food Prices January 2024 (R/unit)	The price difference (R/unit)
Full cream milk – long life 1ℓ	19.45	20.16	-0.71
A loaf of brown bread 700g	17.16	16.09	1.07
A loaf of white bread 700g	18.53	17.75	0.78
Banana per kg	21.20	20.60	0.60
Maize meal 2.5 kg	36.70	35.99	0.71
Margarine spread 500g	38.88	41.74	-2.86
Peanut butter 400g	44.02	42.61	1.41
Rice 2kg	44.14	43.65	0.49
Sunflower oil 750mℓ	35.64	35.55	0.09
Ceylon/black tea 250g	52.96	47.50	5.46
White sugar 2.5kg	62.01	59.77	2.24
			0.84

Source: Stats SA. 2024; NAMC calculations

3. The NAMC food basket: January 2024 vs January 2023

In this section, the NAMC's 28-item urban food basket's cost is explained through a comparison of average food prices in January 2024 and January 2023. The cost of the NAMC's 28-item urban food basket increased by 10.7% in January 2024 compared to the same period last year, reaching R1 251.50. When compared to the R1 239.59 in December 2023, the monthly increase is 1.0%.

Table 2 presents the 28 food items composing the NAMC urban food basket in terms of their nominal prices. Between January 2024 and January 2023, among these 28 items, 16 witnessed price increases that exceeded the inflation target set by the South African Reserve Bank (SARB) of 6%. Notable products in this category include oranges, which experienced a substantial price surge of 43.7%, followed by potatoes (43.3%), Ceylon/black tea (30.5%), eggs (25.8%), rice (25.5%), white sugar (24.5%), instant coffee (22.7%), apples (22.0%), bananas (21.2%), peanut butter (15.4%), baked beans (15.0%), cheddar cheese (12.8%), tomatoes (10.4%), dried beans (9.0%), chicken giblets (8.6%) and full cream long life milk (7.0%).

Table 2: Percentage change in the price of a basic NAMC food basket (28-item)

Category	Product	Jan-23 R/unit	Dec-23 R/unit	Jan-24 R/unit	Change year- on-year (%)	Change month- on-month (%)
Beans	Baked beans - tinned 410g	13.90	15.87	15.98	15.0%	0.7%
	Beans - dried 500g	28.33	30.66	30.89	9.0%	0.8%
	Peanut butter 400g	38.13	44.10	44.02	15.4%	-0.2%
Coffee & Tea	Ceylon/black tea 250g	40.59	51.87	52.96	30.5%	2.1%
	Instant coffee 250g	47.97	58.55	58.86	22.7%	0.5%
Dairy & Eggs	Cheddar cheese per kg	125.66	143.04	141.74	12.8%	-0.9%
	Eggs 1.5 dozen	54.19	68.49	68.19	25.8%	-0.4%
	Full cream milk - long life 1ℓ	18.17	19.43	19.45	7.0%	0.1%
Fats & Oils	Brick margarine 500g	29.34	28.97	29.09	-0.9%	0.4%
	Sunflower oil 750mℓ	37.27	35.82	35.64	-4.4%	-0.5%
Fruit	Apples per kg	19.62	23.76	23.94	22.0%	0.8%
	Bananas per kg	17.49	22.05	21.20	21.2%	-3.9%
	Oranges per kg	21.66	24.20	31.12	43.7%	28.6%
Animal Protein	Beef mince per kg	107.67	104.37	105.94	-1.6%	1.5%
	Beef offal per kg	48.76	49.01	49.72	2.0%	1.4%

Category	Product	Jan-23 R/unit	Dec-23 R/unit	Jan-24 R/unit	Change year- on-year (%)	Change month- on-month (%)
	Chicken giblets per kg	44.37	47.16	48.19	8.6%	2.2%
	Fish (excl tuna) - tinned 400g	25.85	26.45	26.47	2.4%	0.1%
	IQF chicken portions 2kg	89.99	93.63	93.45	3.8%	-0.2%
	Polony 1kg	51.70	54.58	54.44	5.3%	-0.3%
Bread & Cereals	Loaf of brown bread 700g	16.83	17.12	17.16	2.0%	0.2%
	Loaf of white bread 700g	18.66	18.59	18.53	-0.7%	-0.3%
	Rice 2kg	35.18	43.19	44.14	25.5%	2.2%
	Maize meal 5kg	66.20	66.60	66.90	1.1%	0.5%
Vegetables	Cabbage each	18.79	19.77	19.76	5.2%	-0.1%
	Onions per kg	23.16	21.99	20.70	-10.6%	-5.9%
	Potatoes per kg	15.78	22.46	22.62	43.3%	0.7%
	Tomatoes per kg	25.71	26.22	28.39	10.4%	8.3%
Sugary foods	White sugar 2.5kg	49.79	61.64	62.01	24.5%	0.6%
Total Rand Value		1 130.76	1 239.59	1 251.50	10.68%	1.0%

Source: Stats SA & BFAP. 2024; NAMC calculations

Figure 3 provides an overview of the average nominal cost changes in different food groups within the NAMC's 28-item food basket, offering a comparative analysis of January 2024 with January 2023 (year-on-year) and January 2024 with December 2023 (month-on-month). When examining year-on-year price differences, the food group that contributed most significantly to observed food inflation was fruits, experiencing a substantial increase of 29.8%. Following this was coffee & tea, which increased by 26.3%, sugary foods by 24.5%, dairy & eggs by 15.8%, bean products by 13.1%, vegetables by 9.6%, bread & cereals by 7.2%, and animal products by 2.7%. Reviewing the month-on-month basis, fruit showed the most significant escalation by 8.9%, followed by coffee & tea by 1.3%, vegetables by 1.1%, bread & cereal and animal protein both increased by 0.8%, sugary foods by 0.6% and bean product by 0.3%, while during the same period dairy & eggs decreased by 0.7% and fats & oils decreased by 0.1%.

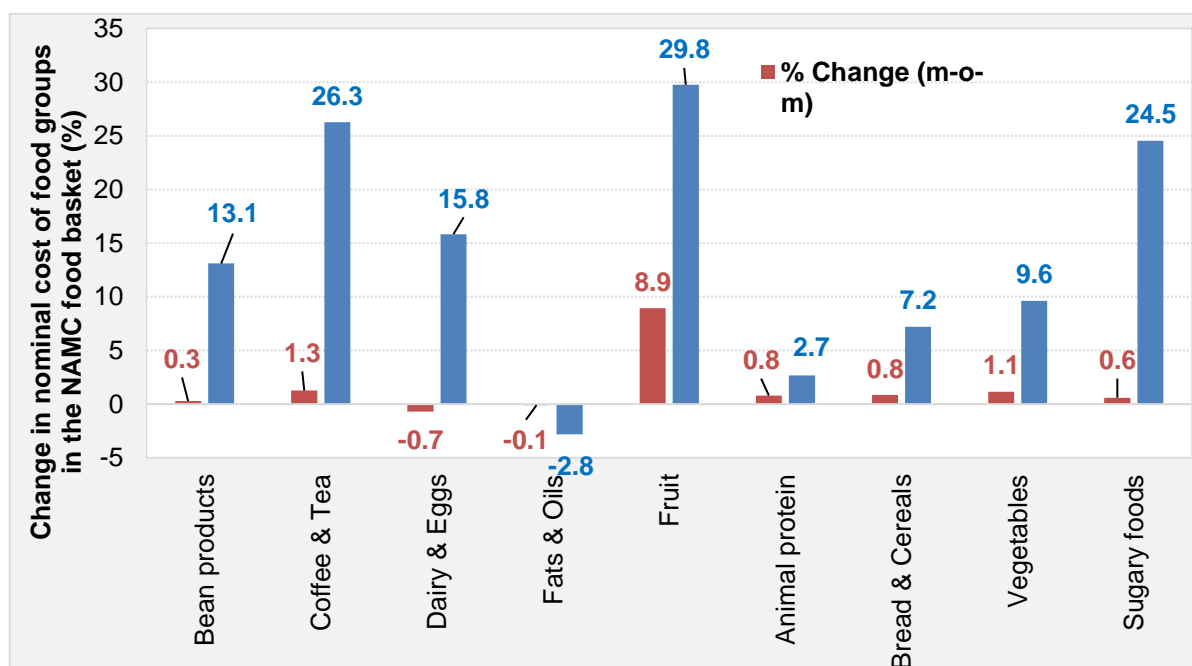


Figure 3: Nominal change in the cost of specific food groups within the NAMC's 28-item food basket, comparing January 2024 vs. January 2023 and January 2024 vs. December 2023

Source: Stats SA data. 2024; NAMC calculations

Background Information:

The NAMC monitors food prices at retail level and releases regular authoritative reports. The Department of Agriculture, Land Reform and Rural Development (DALRRD), then known as the Department of Agriculture, Forestry and Fisheries (DAFF) established the Food Price Monitoring Committee (FPMC) at the NAMC to track and report food price trends in South Africa; to provide explanations of the observed trends and to then advise the Department on any possible action that could be taken should national and household food security be threatened. The FPMC was established after the high food price episode of 2000/01 season. The functions of the FPMC were continued by the NAMC after the FPMC completed its work in August 2004. The NAMC issues four quarterly Food Price Monitoring reports annually and, since 2005, also publishes an annual Food Cost Review report, which documents the margins between farm and retail prices of the major food products, amongst other topics. In 2015, the NAMC began releasing a quarterly Farm-to-Retail-Price-Spread (FTRPS) publication, which seeks to provide more insight into the factors driving commodity and food price margins. This publication, the Food Basket Price Monthly report, came because of discussions with industry to keep a more frequent watch on the movements of food prices.

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